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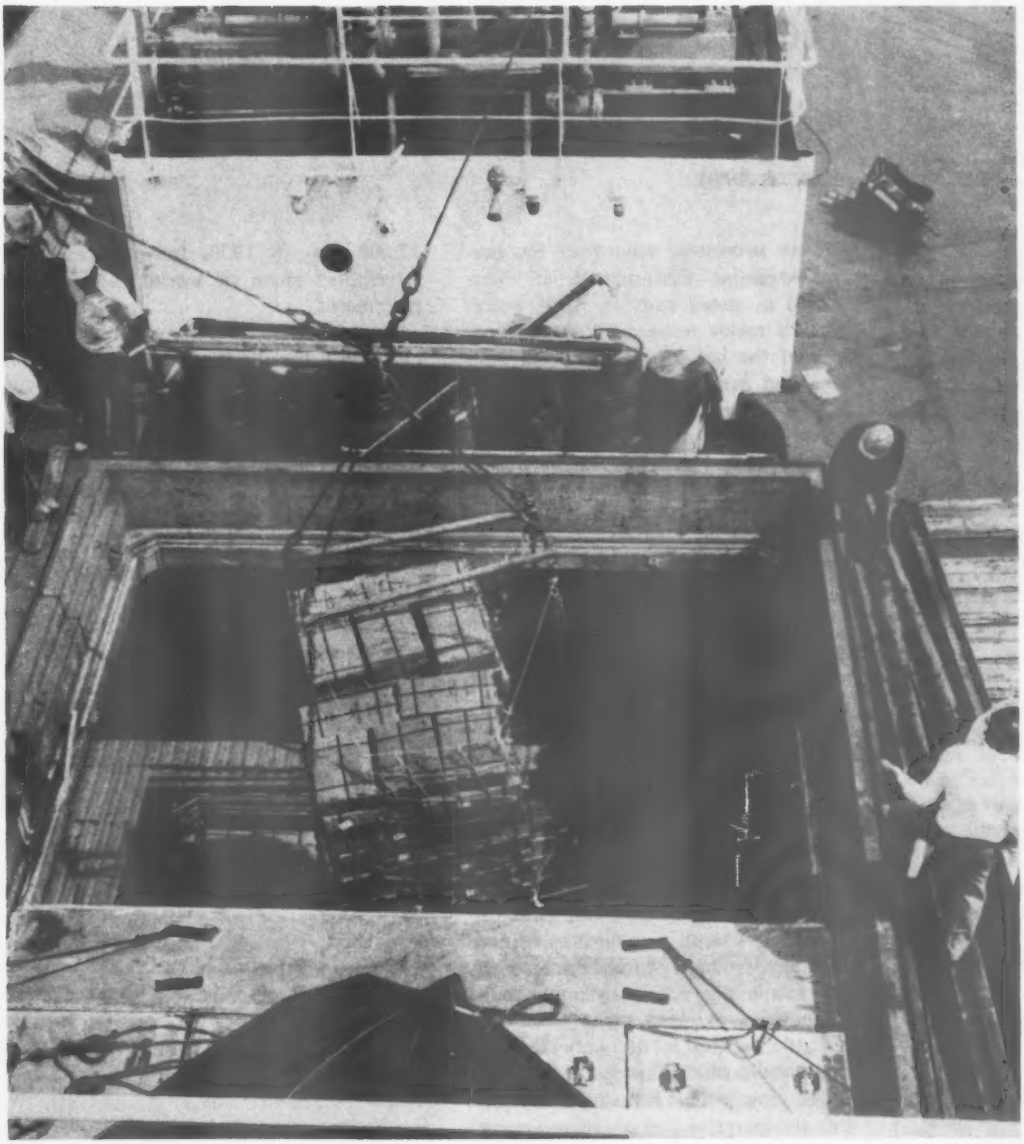

Loading U.S. Poultry for Iraq

Argentina Pushes Wheat Production

July 12, 1976

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Turnaround seen after 30 years

Argentine Government Sets New Agricultural Policy

By JAMES P. RUDBECK
U.S. Agricultural Attaché
Buenos Aires

THE ECONOMIC POLICY of the new Argentine Government, if interpreted as stated early in April, represents a major turnaround in the policies of the last 30 years. Earlier policies had brought about a transfer of wealth from the rural/agricultural sector to the urban labor/industrial sector and had resulted in more or less stagnant agricultural and export levels.

Undoubtedly, the renewed emphasis on the agricultural sector reflects the philosophy of the economic team and recognizes Argentina's desperate balance of payments problems. It also places emphasis on the sector in which Argentina is judged to have the greatest comparative advantage or the least disadvantage in international commerce.

The policies of the past 30 years—expressed by high export taxes on agricultural commodities, differential and overvalued exchange rates on different products, and State trading in farm crops—have resulted in producer prices insufficiently high to cover weather risks or to stimulate application of new technology to agriculture. Farmers have also had to cope with constantly changing policies.

Cattle raising is the only area of Argentine farming that has shown sustained growth. That is because in Argentina the marginal cost of increasing cattle production is almost negligible.

In the areas of grains and oilseeds, the dampening effects of the policies of the past 30 years are readily apparent. Grain production—which averaged 17.1 million tons between 1931 and 1953—only averaged 21.3 million tons between 1971 to 1975, an increase insufficient to cover the natural growth in domestic requirements. For oilseeds, the 1931-35 average level of production was 2 million tons, the 1971-75 average, 2.2 million, however, soybean production in 1976 is projected at 610,000 tons, compared with only 27,000 tons in 1970. In both cases, Argentina's share of world trade has plummeted.

Argentina's share of world trade in meat also has declined as Australia, New Zealand, and the countries of Central America have increased production at a faster rate.

Implied or stated by the new economic policies are these benefits for Argentine agriculture:

- Higher producer prices eventually to match world prices, with the State providing price guarantees;
- A reduction in export taxes and realistic exchange rates of agricultural products;
- Elimination of State monopolies in the grain and meat trade, with a reduction in marketing influences of the National Grain and Meat Boards;
- Return to the private sector (including cooperatives) of domestic and international trade in grains and meat;
- Establishment of an agricultural tax structure that will encourage farm production, replacing the current system of export taxes;
- Elimination of domestic price controls; and
- Encouragement of foreign investment in Argentine farm projects.

The Government admits it could not make all the changes it would like at once because of the country's current fiscal difficulties. For example, it said in early 1976 that, because of the advanced stage of harvesting of the current summer crops (corn, grain sorghum, and sunflowerseed), control of their 1975/76 marketings would still remain under the control of the National Grain Board, but that prices would be boosted significantly.

For corn, the producer price was increased 50 percent; for grain sorghum, 75 percent; and for sunflowerseed, 67 percent. The Agriculture Minister also announced an indicative price

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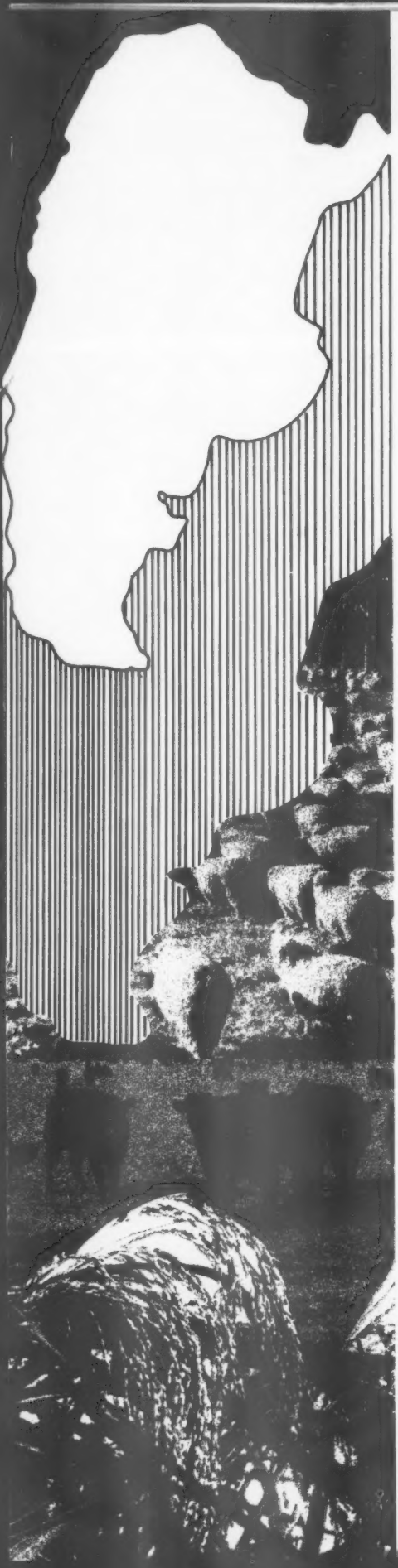

Argentine Ups Wheat Output, Larger Exports Possible

By JAMES P. RUDBECK
U.S. Agricultural Attaché
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AS ONE OF ITS FIRST moves under its policy to emphasize the agricultural sector (see accompanying article), the new Government of Argentina has set a 1976/77 [1] wheat-planting target of 8 million hectares that, if achieved, would represent a nearly 40 percent increase over the area sown this season and would be the largest area sown since 1938.

Even if this target is not fully realized, wheat production next season could approach 10 million metric tons, or about 16 percent more than was produced this season when production showed a gain of 44 percent over the previous year's. The 10-million-ton crop would be the largest since 1964/65's.

Most important, however, is that a production level of 10 million tons would yield an exportable surplus of 5.5 million tons.

Argentina's marketing year exports have only been in the range of 845,000-3.2 million tons since 1966/67, although exports may approach 4 million tons in the current season. This potentially increased exportable surplus would be coming at a time when world wheat demand is slacking off and several other exporting countries are also projecting increased wheat production and export prospects.

Consequently, it is unlikely that even if a 10-million-ton wheat crop is harvested actual exports will reach the 5.5-million-ton level.

In early May, the new Secretary of Agriculture and Livestock launched a campaign to get Argentine farmers to seed 8 million hectares to wheat this coming season (1976/77). Previous to this campaign the new Government had already announced a support price for the next wheat crop four times higher than the then prevailing price offered by the Grain Board for the last crop and double the price announced by the previous Government for the next crop.

These price increases may seem massive, but Argentina has been experiencing a period of rampant inflation. As measured by the wholesale price index, prices rose 916.5 percent for the 12-month period ending April 1976. For agricultural products, the price increase was 761.5 percent over the 12-month period. From March 1975 through December 1975, the Grain Board's wheat purchase price had been increased 288 percent. The price level announced in December was unchanged as of early June.

The Secretary explained that the announced support price of 19,000 pesos per metric ton at official collection points was equivalent to the prevailing "world price" of $140 per ton. Although the Government indicated initially that marketings of the 1975/76 crops (wheat, corn, and grain sorghum) would remain with the Board because of the advanced stage in their harvesting and marketing—and that the 1976/77 wheat crop would be the first one to be returned to private sector marketing—in mid-May it returned grain sorghum to the trade allowing private firms and cooperatives to once again export this grain.

Grain marketing over the years has gone back and forth between State and free market trading. The State assumed control of all export and internal marketing in 1946 until 1959 when marketing was returned to private firms and the cooperatives. Again in 1973, the State, via the National Grain Board, assumed a monopoly role in the internal and external marketing of wheat, corn, and grain sorghum.

In 1975/76, the Grain Board had purchased locally sufficient quantities to cover the export commitments entered into by the previous Government. This might indicate that wheat, too, could revert to the private sector prior to December, which is the start of the

Continued on page 5

[1] **Wheat is generally planted in Argentina in June-July and harvested in November-January. The marketing year is December-November.**

Argentine Policy

Continued from page 2

for the pending wheat crop (the first one to revert back to the private sector) twice as great in value as the one set by the previous Government and four times higher than the Grain Board's current price.

For meat, both domestic and export trade are controlled less than grains. The most significant change in this area has been the Government decision to eliminate individual plant slaughter quotas. This move had been thought to be long overdue by both farm groups and private meat processors who argued that the quota system reduced competition and favored the State controlled and subsidized slaughterhouses.

Remarks by the Minister about the inefficiency of State enterprises give rise to the hope within the industry that the Government may sell off State controlled and subsidized slaughterhouses that have accounted for significant exports in recent years.

The new policy "places emphasis on the (farm) sector in which Argentina (has) greatest comparative advantage....."

The Minister of Economy characterized the new economic policy as a "policy of production." He stated that a strengthened agricultural sector is essential to reviving the national economy since it will generate demand for the elements of modern technology and increased production. Two areas were cited as a means for increasing agricultural production. The first is higher per unit output on existing lands dedicated to agricultural production through a greater use of modern technology and stimulated by more remunerative price-cost ratios.

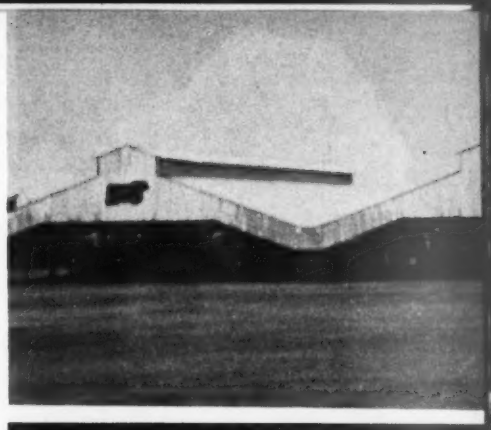
Secondly, he cited the possibility of extending production into unexploited and marginal lands, much of which is controlled by the various Provincial Governments. He suggested that if the Provinces lacked the capital to provide the necessary infrastructure in these areas, private colonization of resettlement cooperatives might be able to extend the necessary assistance.

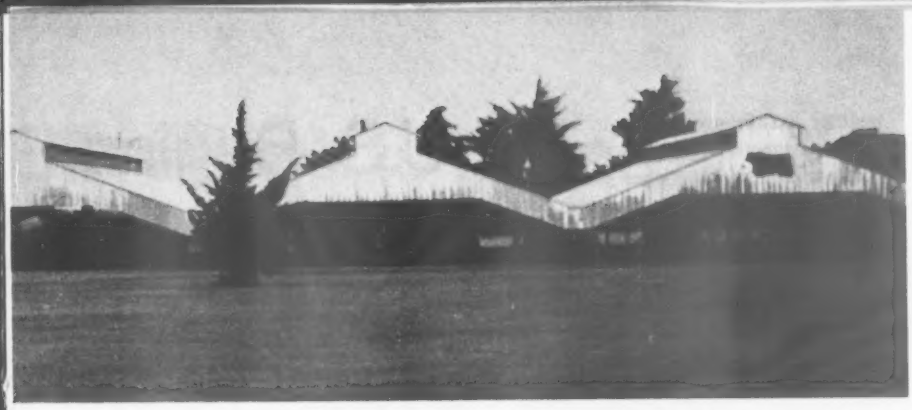
Implications of the new economic program are clearly increased agricultural production and exports. In the short-run, wheat is the first crop to be planted and most quarters anticipate a significant increase in plantings, and—if weather conditions are favorable—a marked rise in production. Not only is the announced indicative wheat price favorable, but it comes at a time when farmers are showing keen interest in the new high-yielding, Mexican-crossed varieties. A higher price could also move production out into marginal areas.

Corn will be the next crop; however, there might not be any significant increase this year in plantings and there could even be a reduction as farmers will have have already used some of their land for wheat and may hold additional amounts for soybeans and sunflowerseed. In fact, these crops could show significant increases in plantings. Some of these increases also will come from double cropping after wheat, especially of the recently released hybrid sunflowerseed varieties. If weather still holds up, it seems therefore, that Argentina could have a sharply increased exportable surplus of grains and oilseed products by 1977, remembering, of course, that 1976 and 1975 were unusually poor-weather years.

For beef, the local industry has been forecasting 1976 exports at 400,000 tons, compared with 265,000 tons in 1975; however, the industry also claimed that labor problems and inadequate exchange rates would be responsible for the 400,000-ton export limit, not foreign demand. The industry now thinks that with an elimination of labor problems that had followed establishment of the new Government, and the more realistic exchange rates promised by the Minister of Economy, exports could be boosted to 500,000 and possibly to 600,000 tons.

While the new agricultural policies will have their most apparent effect on production of grains, oilseed products, and beef, there could be a spillover that would benefit output of sugar, fruits, tobacco, cotton, wool, and several other agricultural products. A further implication of this new policy might be a change in the present livestock-crop pattern with livestock production moving from the rich Pampa region to the west and north.





Clockwise from above: Feeding installation at large Argentine ranch; sheep shearing shed in Tierra del Fuego; automatic scales at Argentine terminal elevator; moving wheat by horse-drawn cart; and elevator at Puerto Quequen. The Argentine Government is revamping its policies that generally have favored the urban labor/industrial sector and is now undertaking projects that will benefit the farmers. The new policies may result in a 10-million-ton wheat crop. Other changes expected to result from the new policies are the return to the private sector of domestic and world trade in grains and meat, and higher producer prices. The current system of exports taxes may also be revised.

Argentine Wheat

Continued from page 3

marketing year.

As an additional stimulant to larger wheat plantings, the Government has extended special lines of credit for planting and seed purchases via the Central Bank, and the National Grain Board has offered 180,000 tons of seed to producers at very reasonable prices, which would be additional to the seed available through normal commercial channels. Also, the Secretary has established several commissions with the agro-industries sector to ensure an inadequate supply and flow of inputs. Finally, the Government has initiated an ambitious program of providing 3.5 million tons of additional storage space, which would include some temporary storage to accommodate the expected increase in the coming wheat crop.

Even prior to the changed policies towards the agricultural sector that have come with the new Government, farmers were expected to boost wheat sowings since many were disappointed with corn after two disastrous seasons. Also, many need to rotate their crops and there has been increased interest in the relatively new Mexican-crossed wheat varieties that not only give higher yields than traditional varieties, but in some areas can be followed with a second crop of soybeans or sunflowerseed. Thus, the new Government's push for increased wheat plantings comes at a time when the farmers are already receptive, and with the added incentives of higher prices and credit, the early indications are that the producers will go all out for wheat.

But will the goal of 8 million hectares actually be reached? As of early June, planting was just getting under way, but subsoil moisture was excellent, although there were some areas where surface moisture was lacking. Plantings will continue through June and into July—and in the case of the Durum types of wheat—can be extended through August.

In the late 1930's and early 1940's the country consistently planted between 7.1 million and 8.6 million hectares. The record was 9.2 million hectares in 1928. However, in more recent times, the largest area planted was 6.7 million hectares in 1968.

If the 8-million-hectare planting target is to be reached, it would require

the mobilization of a tremendous amount of resources in a relatively short time. Some farmers have already complained of short seed supplies and rising costs for all inputs.

In the short run, there may not be sufficient available land on which to plant the added 2.25 million hectares needed to achieve the goal of 8 million hectares. Today, compared with past periods when around 8 million hectares were sown, there are more cattle competing for land—an estimated 60 million head in 1976 versus 33 million in 1937. Also, grain sorghum, which was not planted in the past, has—in recent years—occupied an area of 2.4-3.1 million hectares.

If the increase is assumed to be 20 percent or 1.2 million hectares, and abandonment is assumed to be normal (around 10 percent)—and yields slightly above average due to the further introduction of the higher yielding varieties (15.6 quintals per hectare)—production could reach the desired 10 million tons.

With the assumption that close to 8 million hectares will be sown, some Government officials have projected the 1976/77 wheat harvest at 11 million tons depending on weather conditions. Aside from the eventual area sown, weather will be the key factor in determining the final level of production and weather conditions are quite changeable in Argentina.

Other officials have even gone so far as to project the potential production increase at 3.35 million tons over the 1975/76 volume, implying a total production level of just under 12 million tons. However, it should be noted that yields were already above average this season at 16.3 quintals per hectare. They have further been quoted as saying that this increase could earn the country an additional $450 million in export earnings.

Over the past 5 years, annual yields have ranged between 13.3 quintals and 16.6 quintals per hectare and over the past 15 years the range has been between 9.8 quintals and 18.4 quintals. The 18.4-quintal record was achieved during the 1964/65 season when production hit a high of 11.26 million tons.

Thus many things seem to be working in Argentina's favor as it tries to boost wheat production to new heights. But the 10-million-ton wheat crop would follow on the heels of a sizable production boost in 1975/76 and may be coming at a time when falling world demand as a result of improved crop prospects in most parts of the world and increased output by other producers may stiffen competition to the point where Argentina will have trouble selling its enlarged crop.

ARGENTINA: PLANTED WHEAT AREA, PRODUCTION, EXPORTS AND PERCENTAGE OF WORLD TRADE[1]

Year	Planted area	Production	Marketing year exports[2]	Fiscal year exports[3]	World trade[3]	Share of world trade
	Mil. hectares	*Mil. metric tons*	*Mil. metric tons*	*Mil. metric tons*	*Mil. metric tons*	*Percent*
Averages:						
1934/35-38/39 ...	7.6	6.6	3.2	3.3	17.4	19.1
1950/51-54/55 ...	5.9	5.9	2.3	2.2	27.2	8.1
1955/56-59/60 ...	5.4	6.1	2.5	2.6	34.2	7.5
1960/61-64/65 ...	5.4	7.2	3.1	2.6	49.1	5.4
1965/66-69/70 ...	6.3	6.5	2.9	3.4	55.6	6.2
Annual:						
1970/71	4.5	4.9	0.8	1.6	57.4	2.8
1971/72	5.0	5.7	1.7	1.3	56.6	2.3
1972/73	5.6	6.9	3.1	3.4	72.7	4.7
1973/74	4.2	6.6	1.5	1.1	69.0	1.6
1974/75	5.2	6.0	1.8	2.2	68.6	3.2
1975/76[4]	5.8	8.6	4.0	3.3	72.2	4.6
1976/77[5,6]	7.0	10.0	5.5	5.5	68.2	8.0

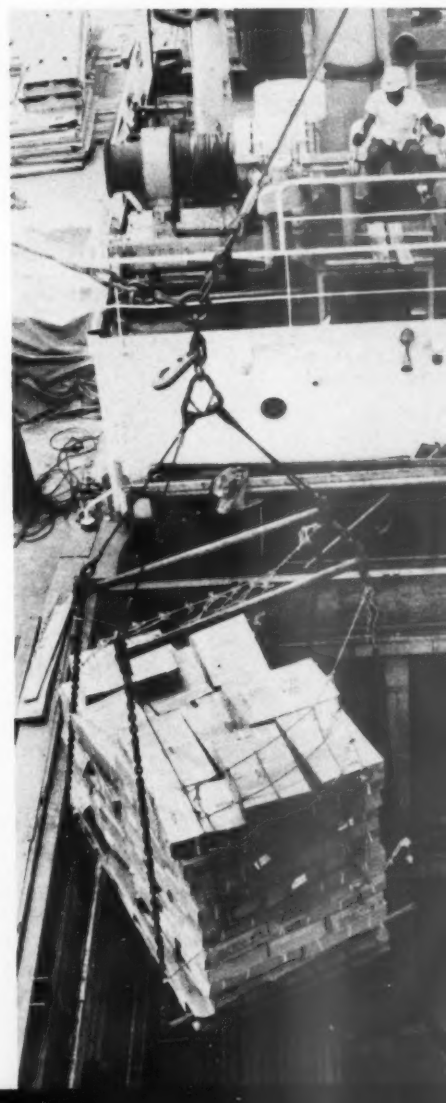
[1] Argentine exports and world trade include wheat equivalent of flour, although Argentine exports of flour are minimal. [2] December-November. [3] July-June. [4] Estimated. [5] Projection. [6] World trade projection from Foreign Agricultural Circular FG 6-76 of April 29, 1976, and forecast of Argentine exports based on assumption that assumed exportable surplus will all be exported.

U.S. Begins E

The first ten 3,500-ton shipments of U.S. frozen whole broilers sold to Iraq were loaded at the port of Gulfport, Mississippi, on May 26-27, with scheduled arrival in Basra, Iraq, on June 21-22.

The 35,000 metric ton sale is the first such large-scale sale of its kind to the increasingly important Middle East/Persian Gulf market, and a major breakthrough for the U.S. poultry industry.

The sale resulted from the determined efforts of officials of the National Broiler Marketing Association (NBMA) to satisfy Iraqi purchase requirements and arrange competitive shipping. Filling the order necessitated cooperation of over 20 producer-processor NBMA members. The Poultry and Egg Insti-

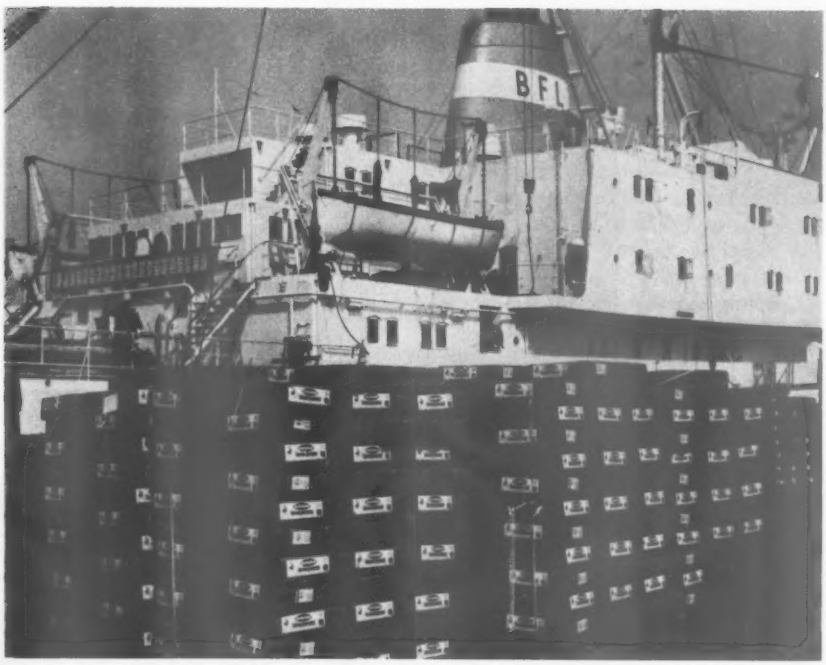


Broiler Exports to Iraq

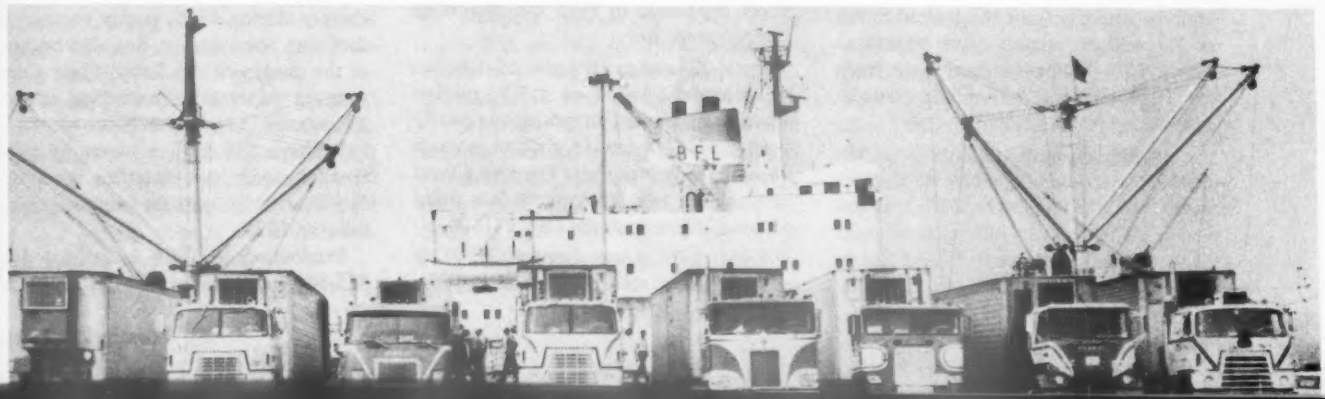
tute of America, its International Trade Development Board, and Foreign Agricultural Service's cooperative market development program in the area set the stage for the successful NBMA followup.

The Poultry Division of USDA's Agricultural Marketing Service cooperated at plants and dock by checking temperature, packaging, and product quality to assure contract performance.

By introducing the Middle East/Persian Gulf consumer to high-quality, large U.S. broilers, this first sale should do much to develop a continuing demand. Whole broilers currently offer the greatest potential in this poultry meat market whose imports are currently estimated at 100,000 to 150,000 metric tons.



At Gulfport, top, to observe loading: From left—Lee Campbell, Vice President, PEIA; Hugh Purnell, Chairman, ITDB; C.V. Magruder, Director of Marketing, NBMA; D.R. Strobel, FAS; Ed Driggs, PEIA/London; Bobby Anthony, President and General Manager, NBMA. Palletized boxes, left, of broilers on dock ready for loading. Broilers, far left, entering hold of ship Frubel Africa—destination Basra, Iraq. Truckloads, bottom, of U.S. frozen whole broilers arrive at Gulfport, Mississippi, pier. (Photo by Charles E. Perry, Stone Mountain, Georgia.)



Canada's Tobacco Prices Continue Below Guarantee

By GEORGE C. MYLES
Office of U.S. Agricultural Attaché
Ottawa

CANADA'S large carry-in stocks of unmanufactured tobacco, declining export demand for Canadian flue-cured, and generally lower quality tobaco have combined to depress grower prices for the second consecutive year.

At an average 81.25 Canadian cents per pound, prices offered by Canadian tobacco manufacturers at the annual April-May Ontario tobacco auction were well below the guaranteed minimum price of 94 cents per pound, indicating a probable total deficiency payout on the 1975 crop to growers by the Canadian Tobacco Manufacturers' Council (CTMC) of more than $26.7 million.

Under an agreement between the CTMC and the Ontario Flue-Cured Tobacco Growers' Marketing Board (OFCTGMB), the 1976 target production level is 175 million pounds and the guaranteed price is $1 per pound. The agreement includes changing the production-control base from acreage allotments to poundage control.

At a poll held on May 3, 86 percent of all flue-cured growers voting approved the proposed change to weight instead of planted area. Growers voted by a narrow margin to establish individual poundage allotments by using each farm's highest annual yield.

Another poll is to be conducted late this year to determine if poundage controls will be continued beyond 1976.

The United States in 1975 remained Canada's major supplier of tobacco, accounting for more than a third of total tobacco imports of 15.1 million pounds. Imports from the United States at 5.5 million pounds were valued at nearly $6.5 million—a small gain from the 1974 level of 5.1 million pounds, also valued at $6.5 million.

Canadian cigarette imports in calendar 1975 were dominated by the United States, which supplied 643.8 million pieces. The value of tobacco and tobacco products imported by Canada from the United States in calendar 1975 exceeded $11.8 million, compared with $8.9 million a year earlier.

Exports to the United Kingdom, Canada's major market for flue-cured tobacco, have declined steadily in recent years. The outlook for sales to the United Kingdom from Canada's 1976 crop is no brighter, and the reduced purchases were a major cause of low prices during the 1975 selling season. Indications are that U.K. purchases from the 1976 crop will be about 47 million pounds.

In an attempt to boost lagging export sales during the 1975 selling season, the OFCTGMB in January 1976 announced that a 5-cent-per-pound rebate would apply retroactively to all tobacco entering export from the 1975 crop. Funds for this rebate are derived from a $3.5-million incentive fund accumulated from a 1-cent-per-pound levy collected on 1973 and 1974 crops.

Exports to the United States in calendar 1975 totaled 3.7 million pounds and were valued at $3 million, compared with the 1974 level of 3.1 million pounds valued at $1.7 million. A higher level of flue-cured stemmed tobacco accounted for nearly all of the increase.

CANADA'S total cigarette export sales fell to 434 million pieces in calendar 1975 from 644 million pieces in 1974, but sales to the United States rose by 31 percent to 283 million pieces valued at nearly $2 million.

Sales of Canadian tobacco to the Mideast, a market opened in recent years, continued in 1975 but quantities shipped were low.

Total Canadian imports of tobacco in calendar 1975 of 15.1 million pounds represented an increase of nearly 8 percent over the 14 million pounds imported a year earlier. The rising level of Canada's tobacco imports is a point of major concern to the OFCTGMB.

Total 1975 cigar imports of 23.9 million pieces were dominated by the Netherlands, which supplied 16.5 million pieces. Canada imported 643.8 million cigarettes from the United States in calendar 1975 valued at $5.3 million—nearly double the level of the previous year, when Canada imported 341.3 million pieces from the United States. Total cigarette imports in calendar 1975 reached 679 million pieces valued at $5.6 million.

Canada's cigarette output in 1975 fell 2.3 percent to 58.3 billion pieces from 59.6 billion produced during 1974. However, substantial carry-in stocks boosted available supplies and sales rose to 58.8 billion pieces during 1975 for an increase of 1.4 percent over sales of 58 billion pieces in 1974.

Production of filter cigarettes accounted for about 92 percent of Canadian cigarette production in 1975, compared with an estimated 90 percent share in 1973.

Both cigarette production and sales in 1975 failed to reach the rate of year-to-year increases expected earlier. In January 1976, the Canadian Department of Health and Welfare estimated that 55.3 percent of Canada's population 15 years and older did not smoke, and claimed this to be the highest percentage of nonsmokers during the past 10 years.

Figures published by the Department a year earlier showed that the smoking segment of the Canadian population was smoking more cigarettes. However, on balance, it appears that the rate of year-to-year production and sales increases is beginning to ease.

Federal and provincial taxes on cigarettes have been rising and are generally believed to be holding down sales, although it is admittedly difficult to determine the exact effect of taxes on cigarette sales.

Cigarette production in 1976 may only reach the 1974 level of 59.6 billion pieces, but sales should again climb to around 59.5 billion pieces for a modest gain of 1.2 percent over 1975 sales.

Cigar production and sales fell sharply during 1975, partly because of declining consumption but also because of the closing of the Simon Cigar Company in Montreal. Production slipped 20 percent to 476 million pieces in 1975 from 596 million pieces in 1974. Smaller cigars and cigarillos accounted for nearly 75 percent of total cigar sales in 1975.

Production in 1976 is estimated at 525-540 million pieces, and sales are

Left: A leaf of Canadian flue-cured tobacco ready for harvest. Below: Tobacco loaded in bulk kiln. Below, left: Worker stitches leaves to laths (far left), which are then placed on loader and moved into conventional-type kiln (right).

expected to reach about 550 million pieces for an increase over the year-earlier level of about 8 percent.

Output of fine-cut tobacco intended for cigarettes totaled 14.7 million pounds in 1975, registering a small gain from the 14.6 million pounds produced during 1974. Sales during 1975 climbed to 14.9 million pounds from 14.8 million pounds a year earlier.

Pipe tobacco production fell sharply to 844,000 pounds in 1975 from 1,266,000 pounds in 1974. Sales declined to 848,000 pounds from 1,342,000 pounds a year earlier.

Production of other manufactured tobacco products (plug, snuff, chewing, etc.) fell to 1,220,000 pounds in 1975 from the 1974 level of 1,310,000 pounds. Sales were off 5.5 percent to 1,251,000 pounds from 1,323,000 pounds in 1974.

The minimum price to growers for the 1975 burley crop was set at 83 cents per pound, following negotiations in the spring of 1975 between the Ontario Burley Tobacco Growers' Marketing Board and representatives of buying companies. The 1975 crop is estimated at about 2.3 million pounds (green weight) and was auctioned by the Dutch-clock system after the close of Ontario's flue-cured markets.

France's Poultry Supply Rises

France's poultry industry this year can expect production and price levels to reverse those of 1975 as poultry meat prices drop, egg prices rise.

Preliminary chick placement figures indicate that production of day-old chicks increased in the latter part of 1975 causing the year's total to rise 4.6 percent above the previous year's 450 million. Since all of this increase is accounted for by chicks for meat production of poultry meat in 1976 is expected to increase 6 percent. After a drop in turkey production in 1975, a 13 percent increase is predicted for turkey meat this year.

Even with sustained exports and a slight increase in consumption, this will probably lead to rising stocks and domestic marketing problems with downward pressure on prices.

This is in direct contrast to 1975 when producers of poultry, particularly broilers, saw improvement in their situation following overproduction and declining prices in 1974. Production of broilers remained almost steady, totaling 516,200 metric tons in 1975, or a mere 0.2 percent increase over that of 1974. Broiler prices, in turn, rose 22 percent to 4.8 francs per kilogram in 1975 from 3.9 francs per kilogram a year earlier.

A slack in the export market for broilers felt in the later months of 1975 may continue this year, substantially changing the export situation. Exports of all poultry were fairly good in 1975 rising 29 percent from $152 million in 1974 to $196 million in 1975. New outlets in the Middle East led to a 30 percent increaset in total volume of chicken meat exports, offsetting the impact of the USSR's dropping out of the market. This year the principal customers for chicken meat currently are West Germany (18,000 tons), Saudi Arabia (15,600 tons), and Iraq (10,700 tons).

Production and exports of other poultry meat will also reverse this year. Placements of turkey chicks since July 1975 have exceeded those of 1974, and the poultry industry looks forward to an increase in production in turkey meat in 1976. Turkey production declined slightly in 1975 to 105,100 metric tons from 114,000 in 1974. In addition, French exports of turkey carcasses or parts, which declined nearly 17 percent in 1975, may also improve.

Egg producers, on the other hand, will probably see a price recovery throughout 1976. Placements of pullets for laying held steady through 1975—51.8 million against 51.6 million in 1974—indicating a replacement of the laying flock without expansion in 1976. With an expected stable laying flock, egg production in 1976 should be very close to that of 1975. Exports are also expected to stay strong.

French egg producers had a particularly dismal year in 1975. Prices declined, dropping 8 percent to 20.8 francs per hundred from 22.5 francs per hundred in 1974. Despite early culling of nearly 1 million hens conducted during the summer of 1975, and a 3.2 percent rise in consumption, production was still up by 4.7 percent to 13,100 million eggs in 1975 from 12,500 million in 1974.

Although exports of eggs and egg products rose in 1975 by 26 percent to 770 million eggs, shell equivalent basis, from 510 million in 1974, the increase could not offset France's declining domestic market, and, as a result, prices fell. The largest export market for eggs was West Germany, followed by the United Kingdom. France also added Algeria and Tunisia as new customers.

To avoid future problems of overproduction, efforts are now being made within the poultry industry to create an organization to provide direction in production and processing to the various divisions in the poultry industry.

—Based on a report from
KENNETH E. OGREN
U.S. Agricultural Attaché, Paris

South African Crops Damaged

South Africa's supplies of corn, sorghum, and wheat for export and domestic consumption have been somewhat reduced from year-earlier levels by devastating rains and floods that damaged several major growing areas early this year, according to a report from Rado J. Kinzhuber, U.S. Agricultural Attaché in Pretoria.

The 1975/76 corn crop is likely to total only 7.6 million metric tons, compared with the 9.14-millon-ton harvest produced during 1974/75. The prospective 1.34-million-ton setback in crop size ends a growing season that started with expanded plantings of 4,548,400 hectares—about 60,000 hectares more than were planted in 1974/75 and 85,200 hectares more than the 4,463,-200 hectares that were planted for the record 1973/74 corn crop, Kinzhuber reported.

In the Western Transvaal, the crop is expected to total only 2.023 million tons, compared with 2.779 million in 1974/75, and the North Western Free State crop is now estimated at 1.602 million tons, compared with the 2.120 million tons produced in the preceding growing season.

The grain sorghum crop is also estimated to be much less than the 1974/75 crop, but planted area was smaller. The official crop estimate is for a crop of 327,000 tons on 269,000 hectares, duced on 333,000 hectares in 1973/74, according to Kinzhuber.

The smaller crop estimates are expected to affect South Africa's coarse-grain export situation significantly. Corn exports in the 1976/77 marketing year are expected to reach about 2 million tons, compared with the 3.232 million tons exported this season—a decrease of about 1.2 million tons. According to the latest estimates, no sorghum will be available for export in the new season.

Commercial consumption of corn is expected to increase to 5.67 million tons because of the reduced size of the crop in the Bantu homelands, where residents are now forced to buy corn for home consumption. This situation influences the farm retentions figure because the Bantu farmers will have less corn to keep for local consumption.

At the end of April 1977 South Africa's corn carryover may total no more than 900,000 tons—if so, it would be the first time in several seasons that no exportable surpluses have been carried over.

The new season's corn and sorghum prices reflect the smaller supplies. The

Turkey's Wheat Crop Way Up

Turkey's 1976 wheat crop will likely total at least 12 million metric tons—weather permitting, according to Walter A. Stern, U.S. Agricultural Attaché in Ankara. The Government estimates the crop might be as high as 16 million tons.

In 1975, the country's wheat crop was a record 11.5 million tons.

Rainfall and snow cover during the fall and winter were even more plentiful this year than in 1975, and spring rains through April were adequate in most of the wheat-growing areas.

As in 1975, there was too much rain in the Cukurova area, and some damage occurred.

The 1976 wheat crop forecast represents an increase of about 4 percent over last season's estimated output. On the other hand, if there is an excess or lack of moisture before harvest time, the crop may not reach last year's record level.

As a result of the record 1975 crop, Turkey has a wheat surplus and with another possible record crop in the offing, a good possibility of some exports sales exists.

However, export sales could be slowed by the Government support prices, which are higher than world prices. Government officials indicate that the country will be able to export as much as 2 million tons of wheat and 600,000 tons of barley—totals that may be too optimistic unless substantial subsidies are made available.

Toprak Mahsulleri Ofisi (TMO), the Government grain-purchasing agency, has sold about 113,000 tons of barley from the 1975 crop and new sales are expected. TMO also is interested in exporting about 20,000 tons of rye.

Turkey imported 20,000 tons of rice from Pakistan during the first quarter of 1976 to meet domestic requirements, and an additional 20,000 tons may have to be imported before the end of the year, Stern estimates.

Because of record crops, TMO's total domestic grain purchases of wheat, barley, rye, oats, and corn have exceeded 3 million tons. In spite of large sales to local markets, TMO may have large stocks on hand by the end of the marketing year.

This situation, together with the expected good crop, will put TMO in a difficult position. Large capital outlays for expanded storage facilities will be required. Some 1975 crop wheat is now stored in the open, and the Government may be forced to export these stocks at a loss.

Israel May Expand Citrus Exports

Although Israel's 1975/76 citrus crop probably will be smaller than anticipated earlier, exports of fresh fruit are expected to be maintained at or even somewhat higher than the 1974/75 level. A further decline in citrus processing is evident, with some processing operating at 50 percent of capacity. The quantities of Israeli processed citrus on international markets during 1976 is expected to be restricted, and will be about half the quantity sold in these markets in 1974. The biggest drop will be in orange products.

Citrus prices are about 30 percent above 1975's, f.o.b. basis. Grapefruit shipments through February 9 amounted to 135,000 metric tons, compared with 127,000 in the same period of 1975, and 43,000 tons had been channeled to processing, compared with 55,000 tons at the same time a year earlier.

Exports of shamouti oranges through February 9 amounted to 270,000 tons, slightly less than the 300,000 tons shipped by the same date a year earlier. Quantities for processing were only 95,000 tons, compared with 146,000 tons by the same date in 1975.

Grapefruit shipments were, up to the same date, 135,000 tons, compared with 127,000 tons a year earlier.

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basic producer price for the best grades of corn in bulk has been raised from the equivalent of $64.52 per ton to $74.89 per ton—an increase of 16 percent or $10.36 per ton.

In addition, farmers will be paid an extra $6.91 per ton for deliveries during the 1975/76 marketing year that will bring the 1975/76 price up to $71.43 per ton.

The additional $6.91 per ton on last season's deliveries is a payout from the Maize Board's funds built up from export profits and is designated as compensation for losses sustained because of adverse weather.

Farmers, however, are beginning to expect these postseason payouts annually, and the Government may encounter difficulties if a similar payout is not made after the 1976/77 marketing year.

The increase in corn prices to consumers will be 18 percent—from the equivalent of $57.61 per ton to $67.97. To prevent the selling price from exceeding $67.97 per ton, the Maize Board is contributing a subsidy of $3.45 per ton from its export profits and the Government will pay an additional subsidy of $3.45 per ton.

This gesture to keep the price of a basic food low could mean that some corn will make a round trip—farmers can sell corn at $74.89 to the Maize Board, expect an export profit payout, and then buy corn for their own needs at $67.97 per ton.

The guaranteed minimum producer price for Grade KMI grain sorghum has been set at $82.38 per ton, compared with $71.43 in the previous season. Farmers will, however, be paid $8.87 per ton for deliveries during the 1975/76 marketing year from export profits, bringing the total 1975/76 producer price to $80.30 per ton.

The Maize Board's minimum selling price has been boosted from $81.80 per ton to $96.20. Higher consumer prices will influence living costs of lower-income groups, for whom those products are an essential part of the diet. The increases are, however, the minimum allowed in the light of the dramatic increases in production costs that have hit South Africa's corn producers in the past year.

The wheat crop also was heavily damaged by the untimely rains and floods—especially in the Eastern Free State, where fields were too wet to be harvested. The crop is now estimated at 1.780 million tons, compared with the 2-million-plus expected earlier in the season.

The lower estimate puts an end to the ambitious export hopes for the season. Exports up to the end of September 1976 probably will total no more than 43,000 tons.

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High Fashions in U.S. Mink Draw Fur Buyers From Around World

Buyers from around the world attended a showing of mink coats created from U.S. pelts by leading designers from seven countries at the Hotel Frankfurter Hof in West Germany last April 9.

The special event was staged by the Mutation Mink Breeders Association (EMBA), a USDA market-development cooperator, during its annual West German mink show to commemorate completion of 20 years of promoting U.S. mink in Europe.

The coats and other mink garments shown at the prestigious event were created by major world designers especially for this show. Eighteen international couturiers displayed their creations. Revillon and Christian Dior of France, Grosvenor of Canada, Bradleys of Great Britain, and Ben Kahn and the Christie Brothers of the United States were among those represented.

Over 700 invited guests came to an early fur showing at 7:30 p.m. and over 800 to the later show at 10 p.m. Buyers attended from the United States, Canada, most European countries, and from as far away as Hong Kong and Australia.

Martin J. Hillenbrand, U.S. Ambassador to West Germany, was guest of honor at the event.

The Scandinavian countries and, to a lesser extent, Canada are major U.S. competitors for the mink market in Western Europe. In 1975, about 4 million Scandinavian mink pelts were sold to West German firms. The United States was the second major supplier with sales of approximately 1 million pelts and Canada third with some 200,000 pelts.

Premium prices were paid for U.S. mink pelts because of a combination of their high-quality and an effective promotional program of EMBA. As an example, high-quality U.S. mink pelts sold for over $88 per pelt in 1975, compared with $72 per pelt for top-quality Scandinavian pelts. The same kind of price differential in favor of U.S. pelts was reflected for lower quality mink pelts.

Besides problems of normal competition, mink producers have additional ones that are unique to luxury-type products. Probably the two most important factors affecting mink sales are rates of increase in real national incomes and style changes—the latter something that is difficult to anticipate.

Now, however, with employment and incomes rebounding from previous lower levels in many European countries, EMBA anticipates 1976 will be a good year for garments made of U.S. mink pelts.

Judging from reactions of buyers at the EMBA mink show to the new styles, it appears that the ultimate consumers will respond well to the high-quality mink garments that will be available in Europe this year from U.S. pelts.

—Based on report from
Office of U.S. Agricultural Attaché
Bonn

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